REGIONAL AFGHAN MUNICIPALITIES PROGRAM FOR URBAN POPULATIONS (RAMP UP)-SOUTH

KANDAHAR CITY: MUNICIPAL CAPACITY INDEX (MCI) AND INITIAL MANAGEMENT ASSESSMENT

December 2010

Contract No. 306-C-00-10-00527-00

KANDAHAR CITY: MUNICIPAL CAPACITY INDEX (MCI) AND INITIAL MANAGEMENT ASSESSMENT

SUMMARY OF FINDINGS: The MCI score for Kandahar City was determined to be 32.2 on a 100-point scale. This is a rather low score, and one that accords with the general perception that Afghan municipalities ―lack capacity.‖ However, a different picture emerges from closer analysis of the MCI categories and associated interview data. A low average score was often the product of stronger scores on some dimensions and zeros on others—rather than middling performance across the category. For example, there were detailed procedures—incorporating internal controls—for procurement and revenue collection, coupled with a complete absence of an audit function or procedures for managing capital improvement projects. This finding indicates Kandahar Municipality's familiarity with the concept of standard systems and procedures, and an ability to conduct sophisticated operations in areas that have been a need or priority. Supplementary interviews revealed a keen interest in computerizing time-consuming manual functions, in particular those related to financial management, land records and property taxes. This picture indicates both enthusiasm for RAMP UP – South program assistance and a strong foundation on which to build further capability within Kandahar City.

A. Overview of the MCI Process

The *Municipal Capacity Index (MCI)*, a Chemonics methodology pioneered in Bosnia, is a weighted index that captures the functionality of a target municipality across four institutional dimensions:

1. Municipal service delivery
2. Internal administrative, budgeting & financial management capability
3. Capacity of municipality's to manage service delivery
4. Policy and accountability

The MCI converts a complex set of qualitative data in these four categories into a single municipality score in the range 0-100. The MCI is not a needs analysis. It is simply a snapshot of institutional capability at a given time. The utility of the single score lies in tracking the score for the municipality over time in order to assess the effectiveness of program interventions. Comparisons can also be made across municipalities served by the same program.

The MCI instrument was modified to fit the Afghan context and the survey was conducted in October 2010[1]. The document is in English, and local staff worked with it in

---

[1] After the USAID COTR directed that the MCI was to be a priority, RAMP UP – South included the MCI as Task 1 under project CLIN (Component) 1 in the Work Plan submitted to USAID August 31, 2010; it was scheduled for October-December 2010. Work began by modifying the Bosnian instrument to fit the Afghan context. Component 1 local staff were hired September 1, 2010, and the Component 1 Team Leader began their orientation to the project and to the MCI and training them in interviewing techniques and data collection. The MCI instrument was finalized by the RAMP UP – South team on September 12. Following the Eid holidays, the instrument was introduced to Kandahar Mayor Hamidi. He subsequently introduced project local staff to his line directors and authorized their cooperation. Interviews and data collection were completed during October. The MCI snapshot thus reflect the status quo in Kandahar Municipality during October 2010. During November and early December, RAMP UP – South expat staff reviewed the findings, requested follow-up interviews to confirm findings (particularly the very rankings on some categories), reviewed records in the municipality, completed scoring and analysis of the MCI, and prepared this report.

English.[2] It is expected that the MCI will be conducted approximately every six months within each of RAMP UP – South's target municipalities. Besides providing a time series of results within each municipality, the MCI will provide cross-municipality comparisons and give consistency and coherence to our RAMP UP-South interventions and progress reports across provinces.

While the single numeric score obtained has now established a baseline for the RAMP UP – South project activities in Kandahar, and a means to evaluate project effectiveness over time, the critical matter for project startup is understanding the ―what" and ―why" behind the MCI score: what are the areas of municipal performance that need to be strengthened? What are areas of competence to build on?

In order to expedite the assessment start-up, local staff who were deployed in the municipality to complete the MCI interviews suggested using their access to municipal officials to ask open-ended questions and collect organizational charts, procedures and flowcharts at the same time. Staff extended their interviews to cover District Managers as well as central office line managers. Coverage included one-on-one interviews with the Managers for eight of the ten Districts (two had resigned earlier and have not been replaced). The District Managers were enthusiastic about being interviewed. Several District Managers stated that this was the first time anyone has ever interviewed them to ask them to analyze their organizational and individual professional needs. These ―informal" or ―extended" interviews are not part of the formal MCI assessment and would not be part of future periodic MCI assessments. Some information from these interviews is included in the Findings section of this document to shed further light on the formal MCI findings for purposes of this first administration of the MCI.

The next step for RAMP UP – South is the preparation of the Municipal Management Improvement Plan (MMIP).[3] The formal MCI findings and the additional interviews provide the raw material for the MMIP. This plan, to be developed jointly with the municipality, will address findings and deficiencies revealed by the MCI and the informal interviews and prioritized by the municipality. The MMIP will guide project interventions over the remainder of Year One. In some areas, the need for assistance was clear enough and the municipality receptive enough that implementation (e.g., of a computerized municipal payroll system) has already begun in parallel with final write-up of this report and preparation of the MMIP.

B. SCORING THE MCI

The complete MCI instrument, with the component point scoring, is found in the Annex. Within each of the four main dimensions (Service Delivery, etc.) are four - six questions or categories. Each category has levels indicating the elements or capabilities found,

---

[2] The MCI instrument was developed in English, and bilingual local staff specifically requested that they work with the MCI in English rather than having it translated into Pashtu. There was nevertheless occasional confusion over terminology (e.g., the meaning of ―integrated financial system") that required correction later. In retrospect, more time for training local staff and ensuring that they understood all technical terminology would have been beneficial. As they developed relationships with municipal officials staff also became more comfortable with asking for backup documentation to substantiate assertions (e.g., concerning percentage of revenue collected) made by interviewees. Given this experience, it is expected that subsequent iterations of the MCI within Kandahar, and initial surveys in other cities, would require less review and adjustment.

[3] The MMIP is Task 2 of Component 1 of the RAMP UP – South Year One work plan. It is scheduled per the work plan for November 2010-January 2011. Implementation of the MMIP will continue throughout the remainder of Year 1.

numbered 0 - 5, indicating the range from nonexistent to fully developed. Depending on the elements found to be present, a number of points between 0 and 5 is assigned. The initial individual findings for each item as reported by local staff are highlighted in yellow, and the final consensus score under each component is found in the next column to the right. The final score reflects the combined expat and local interview teams' best assessment of the appropriate scoring based on re-review and some checking of answers against municipality records.

As originally developed in Bosnia, the levels within each category were assumed to be cumulative, with each level a —lesser included" of the next higher level. E.g., a score of —4" assumes that all the elements of levels 1 - 3 were present. However, it appears that this assumption may reflect Western biases about both the cultural context and how municipalities gradually develop increasing sophistication. See, for example, category 1.5, City Zoning Office, in the Annex. Level 2 is highlighted because all the elements were found. However, in addition, —maps are provided in PDF format" (Level 4) and —customers can come look at any public files" (Level 5) are highlighted. The presence of elements from three different levels reflects both the piecemeal computerization of Afghan offices (the availability of PDF files) and an interaction with governmental officials that seems to be more informal and based on personal interaction than would be found in a typical Western office (anyone can come in and ask to look at files). A score of 2 was assigned by expat reviewers as best reflecting the capability of the municipality. While an MCI score using the same instrument in the future will be useful for tracking the results of project assistance over time, the MCI should not be taken as importing a normative judgment about the sequence in which an Afghan municipality ought to improve its management functions or its responsiveness to citizens.

The scores capture the final consensus category finding on a 0 - 5 scale. The word —capture" (rather than —compute") is used advisedly. The point total for each category is the best representation of the status of the municipality based on all the information available. Because there were only 18 questions used, the maximum score is 90. For purposes of graphing and comparison with cities elsewhere, the raw score was converted to a 1-100 scale.

C. SUMMARY FINDINGS OF THE MCI ASSESSMENT

| n.	MCI Section	Questions per Section	Total	Average	Points (100)	Average (100)
1	Municipal service delivery	6	10.5	1.8	11.7	1.9
2	Municipal Internal Budgeting and Financial Management	4	6.0	1.5	6.7	1.7
3	Capacity of Municipalities to Manage Service Delivery Projects	4	6.0	1.5	6.7	1.7
4	Policy and accountability	4	6.5	1.6	7.2	1.8
	MCI (total)	**18**	**29.0**	**1.6**	**32.2**	**1.8**

Graphically:
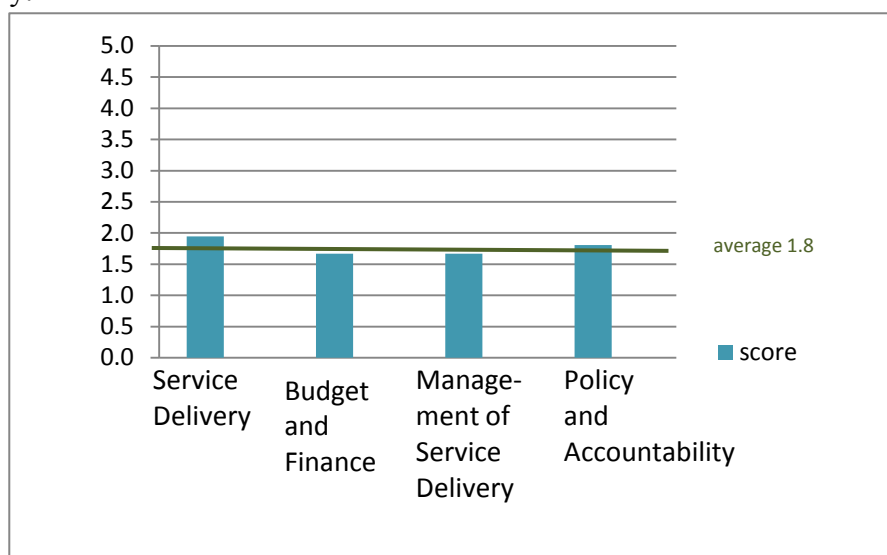
While the overall picture is consistent across dimensions, analysis of the four individual dimensions as described below shows that these averages reflect wide variation in municipal strengths and capabilities.

Section 1: Service Delivery
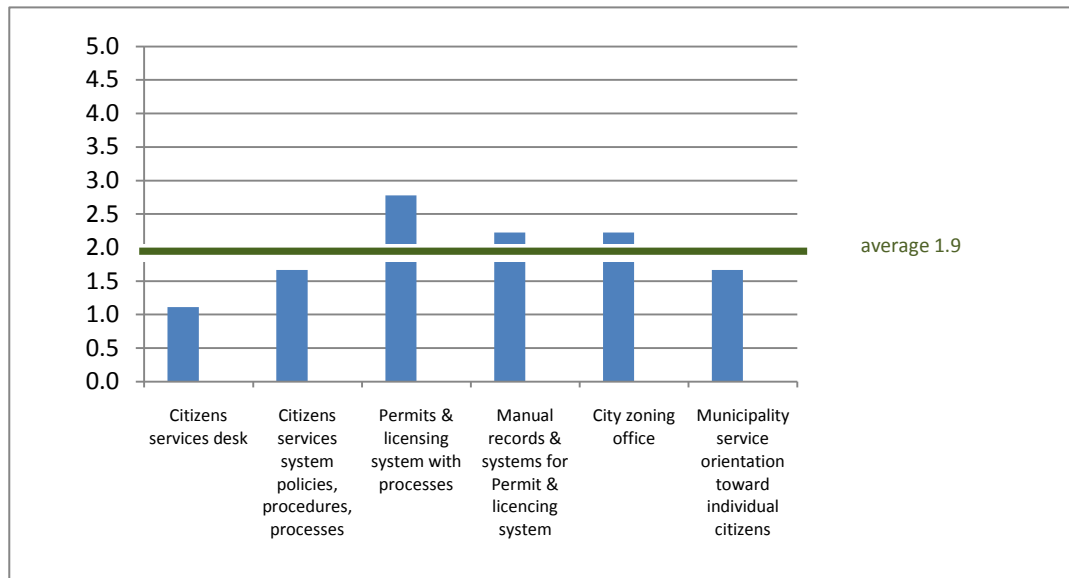
Kandahar City does have procedures for issuing permits, interacting with citizens and for collecting service requests, but tracking procedures are generally ad hoc. Based on the additional interviews conducted, it appears that substantial improvement could be made just by regularizing the handling of service requests and improving tracking of information. Records are now manual, and following up on any particular request or permit involves tracing the information through manual logs. Computerization will help to solve this problem.

Section 2: Budgeting and Financial Management
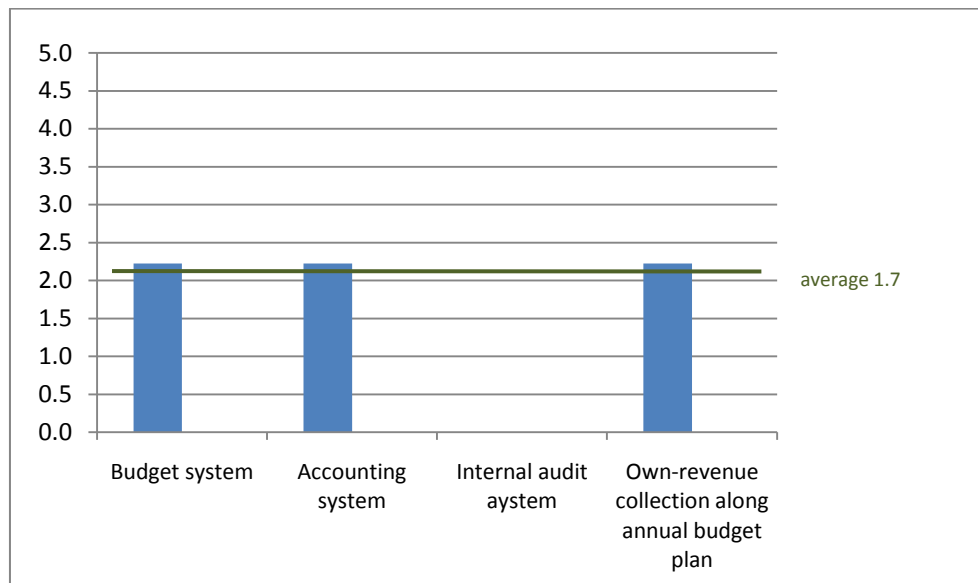
Section 2 presents a particularly interesting picture. Finance is one of the better-developed areas of Kandahar municipal management. Local staff initially gave a ―4‖ to the Budget System, Accounting System and Revenue Collection categories because most of the elements are present. However, systems and functions are not linked. For example,

while Kandahar does indeed post to a General Ledger (Category 2.2, Accounting System) there is no integrated financial system. The ‒4" score was thus changed to a ‒2." (At the Mayor's request, RAMP UP – South has already begun development of such a system.) To take another example, local staff recorded the assertion by local officials (Category 2.4, Own Revenue Collection) that Kandahar collects 71 – 90% of planned revenues. Based on examination of municipal records and areas of the city where no revenues are collected, the Team Leader estimated that revenue collection was less than 50%, so the score was changed to a 2. That is, the city did not know its *potential* revenue collection and consequently could not accurately evaluate its *actual* performance on a percentage basis. Expat and local interviewers alike agreed that the municipality has no internal audit function even though some activities assessed under this sub-category are being carried out. The good news is that most of the basic accounting functions are present and city officials understand the basic concepts and are receptive towards better financial management. Computerization will enable an integrated financial system. Audit capability will be incorporated in the system now under development. Better record-keeping on tax collections (turning scattered data into information usable for decision purposes) will improve both collections and public confidence in taxation. It is expected that this Section will show considerable improvement within the next six months.

Section 3: Capacity to Manage Service Delivery Projects
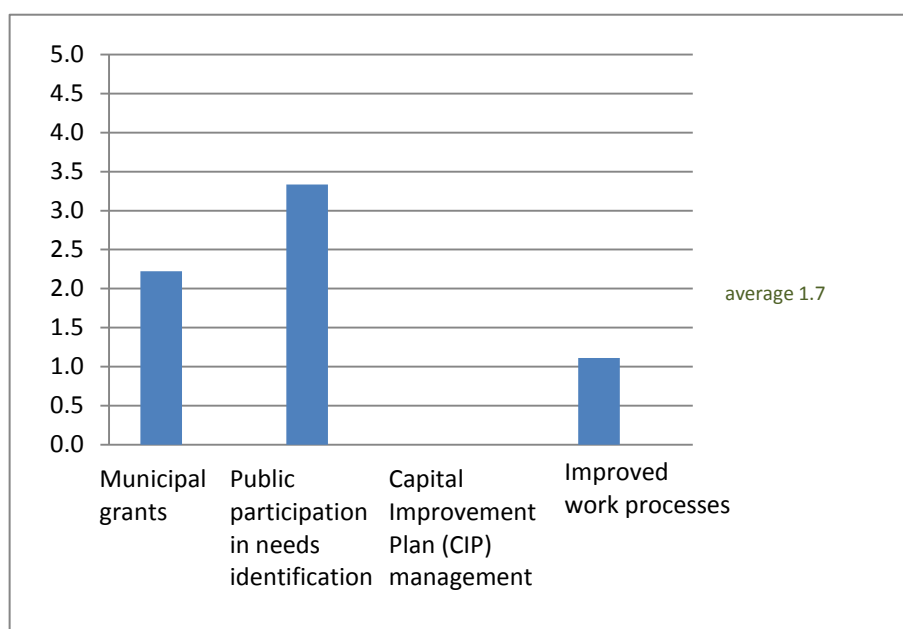
This component addresses both the selection and management of public services and infrastructure. The lack of a Capital Improvement Plan is in part a reflection of the lack of money under the control of the municipality; most large projects are donor- funded and managed. This is not a capability that Kandahar has needed to develop. Given their resources, it seems unlikely that the score on this element is going to improve in the near future. It would, however, be useful for the municipality to improve its planning capability so that both its own and donor projects fit into a more cohesive overall plan. Interviews identified two separate project-related issues: 1) the financial and planning aspects of city prioritizing and budgeting for capital projects, and 2) project management skills for managing any construction that the municipality is able to fund. There is some

city construction work now being done, and city workers expressed some concerns about tools for managing. RAMP UP – South initiatives in revenue collection and financial management should improve the city's ability to match needs with revenues. Training in project management and in planning can also be supplied. While the city gets a relatively high score for public participation, interviews indicate that while public consultation may be regular it is also limited. There are regular official consultations between District Managers and local elders, but the needs of women and youth are made known only to the extent that men serve as the conduit.

Section 4: Policy and Accountability
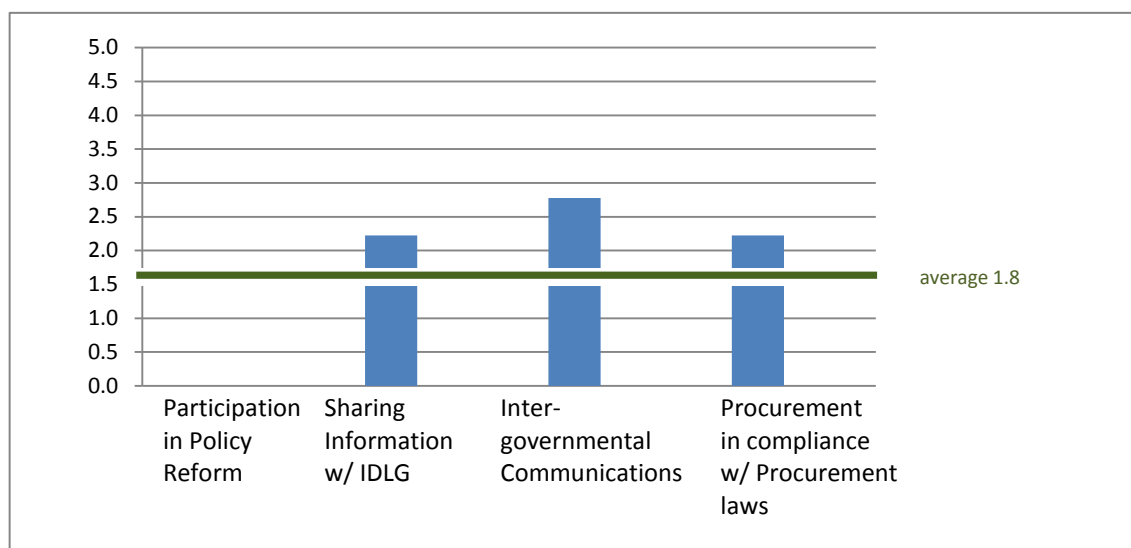
Participation in policy reform is not a score that is going to improve in the near term given that policy is all set in Kabul; municipalities are not supposed to be involved. The city does participate in intergovernmental communication and in providing information to IDLG, and by these means Kandahar may have some indirect effect on policy. As to procurement, city officials seem well aware of laws governing procurement, and there are internal policies and procedures for compliance, even if not always followed. Again, improvements in record keeping and tracking will improve management of procurement.

D. CONCLUSIONS

Between the MCI and the informal interviews, RAMP UP – South now has a wealth of information about both the present functionality and the needs of Kandahar City management. In many respects, the findings are quite positive. Kandahar City has numerous official policies, procedures and forms, particularly for financial functions. This is not a city unfamiliar with basic management concepts. With the basic ideas in place, it is relatively clear how to improve existing functions and to apply the same concepts to improve management of other functional areas. Officials interviewed seemed anxious to have RAMP UP – South's help in implementation. This bodes well both for the city and for the project's success over the coming year.

Several themes stand out as areas for improvement:

- Need and desire for computerization of manual processes in order to increase efficiency, improve accountability and reduce time spent hunting for information.

- Need for systems that show not only what *is* happening (e.g., revenue collected), but what *could* happen (e.g., potential revenue) and a use of feedback to help narrow the discrepancy between actual and potential performance.

- Need for better integration of revenue and budget information.

- Need for better procedures to turn data into information for decision purposes (e.g., tracking of service requests).

- Need for better interaction between municipality and citizens, including systematic collection and prioritization of service requests and dissemination of information about city policies and the collection and use of tax revenues.

- Need for broader public participation in prioritizing and decision-making.

- Need for increased fairness and transparency in the collection of taxes and fees.

- Need for improving working conditions and environment and career development opportunities for municipal workers.

These needs revealed through the MCI and information interviews will be discussed with the Kandahar Mayor and other city officials in order to develop a prioritized plan for RAMP UP – South assistance. This planning document is the Municipal Management Improvement Plan (MMIP), scheduled under the work plan for completion by the end of January 2011. Implementation will occupy the remainder of Year One of the project.

E. Annex

Municipality Capacity Index (MCI) for Kandahar City (October 2010)

n.	Municipality capacity index	Points	Answer	points	total	points (100)	total (100)
	Section / Question						
	MCI (Total)				**29.0**		**32.2**
1	Service delivery		Municipal service delivery		**10.5**		**11.7**
1.1	Citizens services desk		Municipality has Services Desk that is Accessible and Convenient	**1**		**1.1**	
		0	Municipality has no Citizens' Services Desk. If there is, the Desk is not accessible and/or inadequate				
		1	Municipality has a basic Service Desk with staff providing limited information about services and has manual document tracking	**1**		**1.1**	
		2	Municipality has an operational Service Desk staffed by persons who provide information about many services and are able respond to some questions about permits and licensing applications and procedures				
		3	Municipality has a fairly complete operational Service Desk that has the potential of receiving fees for licenses and permits applications; has an accurate document tracking system; and, has a complaints mechanism in place				
		4	Municipality has a completely operational Service Desk whose manual records are ready to migrate to database matched with a competent staff to handle the system. There is signage and/or written materials with explanations to citizens				
		5	Municipality continuously improves internal procedures and updates database for eventual computerization of records and has competent staff providing complete, accurate and updated information to customers including information concerning external institutions involved in licensing and permits procedures				
1.2	Citizens services system policies, procedures, processes		Municipality has Policies, Procedures and Processes for Attending to Requests for Services	**1.5**		**1.7**	
		0	Municipality has no defined policies, procedures or processes				
		1	Municipality has some defined and documented policies, procedures and processes				
		2	Customers are aware of the municipal services and know where to obtain information about them	**1.5**		**1.7**	
		3	Municipality has established ongoing evaluation and improvement of internal and external municipal services procedures				
		4	Municipality has updated and improved the permits and licensing procedures and has made these services available in customers' service desks				
		5	Municipality has started to develop a 1-stop municipal service desk supported by information to customers through brochures, pamphlets, and process flow charts				
1.3	Permits & licensing system with processes		Municipality has Functional Permits & Licensing System, with Established Processes	**2.5**		**2.8**	
		0	Municipality has no systems and procedures created for all permits and licenses of which the municipality is responsible				
		1	Municipality has established a functional systems and procedures for applying for and obtaining				

			some permits and licenses				
		2	Municipality has a customer service desk attended by competent staff able to give necessary information on relevant procedures and application documentation concerning permits and licensing	2.5		2.8	
		3	<mark>Municipality has a dedicated customer service desk with improved permits and licensing system and has mainstreamed mechanisms for transparency to reduce the possibility of corruption and graft</mark>		+		+
		4	Municipality has an accessible, dedicated customer service desk attended by staff who are able to address legal and administrative issues concerning permits and licenses services and needs; with established fees for services visibly posted in the vicinity; and, a complaint box for customers				
		5	Municipality efficiently operates a one-stop-shop operation for the whole system of permits and licensing procedures run by competent personnel and has an active mechanism for anti-corruption and graft in place				
1.4	Manual records & systems for Permit &licensing system		Municipality has up-to-date and Complete Manual Records and Systems that can be Migrated to Data-based Records Systems that Support Permits & Licensing Applications Procedures & Processes	2		2.2	
		0	Municipality keeps its records and data in manual form and information on processes and procedures are incomplete and/or out of date				
		1	Municipality is updating some licensing and permits documentation and procedures in preparation for eventual migration to data-based systems; while document tracking, archiving and recording of data are still in manual form -- with parts of the permitting procedures are performed in external organizations				
		2	Municipality permits photocopying of forms for customers and has the potential for internal electronic document tracking of applications for licenses and permits	2		2.2	
		3	Municipality has started preparing all forms, procedures and processes for all services to enable them to migrate to data based application systems				
		4	<mark>Municipality has efficient manual systems and procedures for internal document tracking and for municipal-specific records but is incapable of efficiently tracking procedures that are performed in external organizations</mark>				
		5	Municipality is ready to migrate all forms, records, documents and procedures for all services to databased records				
1.5	City zoning office		Municipality has City Zoning Office and how effective is it?	2		2.2	
		0	Municipality does not have any zoning regulation. The residential and commercial entities can build or rehabilitate any structure within the City boundaries without any prior approval by the local government				
		1	Every property in the city has zoning classification that determines how the property can be used (permitted uses). Municipal zoning officials should be consulted for any information regarding interpretation of zoning district boundaries, ordinance text, or hard copy maps if they exist				
		2	<mark>A permit is required for any use of land or structures other than a single family dwelling (for example, a commercial business, a multi-unit dwelling structure, etc.). Zoning approval is required for all new construction and for any changes in use of the property, including extensions/additions, garages, parking pads, fences, decks, signs, etc.</mark>	2		2.2	

		3	Zoning office utilizes Geographical Information System (GIS) to convert the official paper maps on file in the Planning Office to a digital format using Geographic Information Systems (GIS)				
		4	Assuming that zoning regulations are established and fully administered by the municipality, the municipal staffs are integrally involved in the development of these maps to ensure they are accurate. ==The maps are provided in PDF format==				
		5	The municipality offers customer service center where public/==customers can come look at any public files.== Municipal contact numbers have been listed for this purpose. The zoning office has established set operating hours. The municipality has established ―Frequently Asked Questions" (FAQ)		+		+
1.6	Municipality service orientation toward individual citizens		Municipality is Service-Oriented toward the Individual Citizen	**1.5**		**1.7**	
		0	Municipality has no organizational and citizen relations programs and activities				
		1	==Municipality has a feedback-gathering mechanism for collecting suggestions and complaints from citizens==	**1.5**		**1.7**	
		2	==Municipality has== administration's policies and procedures for handling complaints & suggestions, and ==takes steps to address complaints and suggestions from citizens==		+		+
		3	Municipality conducts citizens´ surveys and communicates with the citizens				
		4	Municipality adopts measures to assess and improve its performance and works towards a citizen service-oriented administration				
		5	Municipality adopts professional development plan for staff and continuously takes steps to improve its performance to becoming perceived as a citizen service-oriented municipality. There is publicity about the service desk that informs citizens about the services municipality provides for individual citizens				
2	Internal budgeting and financial management		Municipal Internal Budgeting and Financial Management		**6.0**		**6.7**
2.1	Budget system		Municipality has Budget Process, Budget Calendar and Complies with the Provisions and the Timelines Set in the Budget Rules and Regulations	**2**		**2.2**	
		0	Municipal administration does not have any budget process and demonstrates no understanding of the importance of compliance with the provisions for budget adoption				
		1	Municipal administration have a budget process. The administration demonstrates basic understanding of the importance of compliance with budget process with the provisions and the timelines and deadlines set in the budget laws but fails to adopt the annual budget plan by the deadline set in the budget law				
		2	Municipal administration have good budget process and demonstrates good understanding of the importance of compliance with the provisions, timelines and deadlines set in the budget laws and adopt the annual budget plan by the deadline set in the budget law. The budget process consists of activities that encompass the development, implementation, and evaluation of a plan for the provision of services and capital assets	**2**		**2.2**	
		3	Municipal council is involved in the budget process. The governing body demonstrates understanding of the importance of compliance with all the provisions, timelines and deadlines set in the budget laws. The budget proposal is submitted by the administration to the municipal council for review and adoption				

		4	Municipality demonstrates good understanding of all the relevant laws that influence revenue collection and has transparent expenditure reporting procedure. The governing body and the administration promote community involvement in prioritizing the initiatives to be funded by the municipal funding				
		5	Municipality has implemented automated budgeting system to streamline the budget process. The municipal budget appropriations, expenditures, available balances and all revenue information are readily available to promote great level of efficiency, accountability and transparency. The municipal administration and the municipal council demonstrate excellent understanding of the importance of compliance with all the provisions and the timelines and deadlines set in the budget laws and adopt the annual budget in time				
2.2	Accounting system		Municipality has Accounting Process, Accounting Calendar and Complies with the Provisions and the Timelines Set in Accounting Rules and Regulations	**2**		**2.2**	
		0	Municipality has no financial mechanism in the accounting function. Accounting activities are recorded manually				
		1	Municipality has basic manual accounting function (such as but not limited to General Ledger, Payroll, Fixed Asset...). The modules in use are not integrated				
		2	Electronic spreadsheet is being used (such as excel, lotus…) but is not customized to meet municipality's needs. General Ledger cannot generate reports based on all required classifications (economic, organizational, functional, fund). The accounting records and reports are not accurate	**2**		**2.2**	
		3	Municipality has basic financial accounting system with modules in the accounting functions (General Ledger, Payroll, Fixed Asset...). The modules in use are integrated. Software can be customized to meet municipality's needs. Some staff have the basic accounting skills for posting accounting records and transactions to the General Ledger. The accounting records and reports are not accurate				+
		4	Finance department with responsibility for managing municipal revenues utilize Accounting Modules to post most financial transactions directly to the General Ledger in the integrated financial system. Accounting records and reports are accurate				+
		5	Municipality uses integrated software-based programs that are recognized as an essential tool that enables improving the way in which the accounting function works, the municipality plans and executes budgets, monitors the collection of local taxes and other revenues. Entered financial transactions enable cost accounting methodology. The municipality has generally reliable and timely financial information and can usually generate reports on a regular basis that are reasonably complete and accurate. Financial reports are beginning to be useful in decision making process				
2.3	Internal audit system		Municipality has Internal Audit Process, Audit Calendar and Complies with the Provisions and the Timelines Set in Audit Rules and Regulations	**0**		**0.0**	
		0	Municipality collects own-revenues but has no mechanism for monitoring revenue collection	**0**		**0.0**	
		1	Municipality collects revenues from more than two major sources and has basic manual mechanism (spreadsheet, log…) but still fails to monitor the actual execution of the planned revenues, resulting in poor execution of planned revenue collection				
		2	Municipality responsibly collects more than 50 percent of the municipal own-revenues that are available according to the MC/MAs decisions but still fails to collect some revenues due to lack of proper decisions by MC/MAs in accordance with the higher level regulations				

		3	Municipality responsibly collects most municipal own-revenues that are available according to the MC/MAs decisions and has basic software database to help manage the collection process. Municipal Councils have adopted all relevant decisions so that revenues from all possible sources can be collected by the municipality. Collection is monitored in a transparent manner but still there is space for improvement in this segment as no rulebook defining the roles and responsibilities of the different municipal departments/staff is in place			
		4	Municipality responsibly collects revenues from most available municipal own-revenue sources. The data is effectively managed through the use of integrated financial system. Collection is monitored in a very transparent manner, adequate rulebooks are in place, but are not followed at all times, as there are some exceptions to the rules, resulting in a failure to meet planned target sums			
		5	Municipality responsibly collects revenues from most available municipal own-revenue sources. The data is effectively managed through the use of integrated financial system. Through effective use of various tools and reports, the collection of the revenues is monitored in a very transparent manner; adequate rulebooks are in place and are followed at all times. All planned revenues are collected or exceeded in accordance with the plan			
2.4	Own-revenue collection along annual budget plan		Municipality Executes its Own-Revenue Collection in Accordance with the Annual Budget Plan	**2**	**2.2**	
		0	Municipality collects less than 10% of the overall planned municipal own-revenues or if municipality uses planning methods that result in unrealistic budgets and revenue collection targets			
		1	Municipality collects between 11-25% of the overall planned municipal own-revenues			
		2	Municipality collects between 26-50% of the overall planned municipal own-revenues	**2**	**2.2**	
		3	Municipality collects between 51-70% of the overall planned municipal own-revenues, and this can be reasonably attributed to having realistic budget planning methods that permit establishing realistic revenue collecting targets			
		4	Municipality collects between 71-90% of the overall planned municipal own-revenues, and this can be reasonably attributed to having realistic budget planning methods that permit establishing realistic revenue collecting targets. The municipality most of the time follows internal policies, procedures that regulate the revenue collection			
		5	Municipality collects between 91-100+% of the overall planned municipal own-revenues, or exceeds the budget plan and this can be reasonably attributed to having realistic budget planning methods that permit establishing realistic revenue collection targets. The municipality always follows internal policies and procedures that regulate the revenue collection. Revenues are being expended, following legal requirements and all policies and procedures			
3	Capacity to manage service delivery projects		Capacity of Municipalities to Manage Service Delivery Projects	**6.0**		**6.7**
3.1	Municipal grants		Municipal grants	**2**	**2.2**	
		0	There are no activities in developing grant-funding application skills			
		1	A person has been trained in grant-funding-related skills (i.e proposal writing and project management modules)			
		2	Trained person is successful in identification of at least one new source of grants funding during a given calendar year	**2**	**2.2**	

		3	Municipality submitted at least one completed proposal for potential grants funding during a given calendar year			
		4	Municipality submitted more than one completed proposal for potential funding during a given calendar year			
		5	At least one proposal has been approved for funding by potential donors during a given calendar year			
3.2	Participation of citizens & business community in identifying citizens needs		Participation of Citizens & Business Community in Identifying Citizen Needs	**3**	**3.3**	
		0	Municipality does not conduct citizen participation and/or similar activities, to learn about citizen and business needs			
		1	Municipality occasionally conducts citizen participation and/or similar activities, to learn about citizen and business needs			
		2	Municipality conducts citizen participation and/or similar activities, that are scheduled and the citizens and business community are aware of them			
		3	<mark>Municipality has formal admin systems and procedures in place for capturing citizen and business community expression of needs</mark>	**3**	**3.3**	
		4	Municipality concretely addresses at least one citizen and/or community need from each citizen and/or business community participation activity			
		5	Municipality not only has an effective process in place, and concretely addresses at least one citizen and/or community need from each citizen and/or business community participation activity, but municipality also has empowered some citizens' and business community representatives as task forces to liaise directly with municipal administration in the design, planning and execution of activities agreed on during the participation activities			
3.3	Capacity in managing Capital improvement projects (CIP)		Municipalities' Capacity in Managing Capital Improvement Projects (CIP <mark>Municipality has no CIP function.</mark>	**0**	**0.0**	
		0	Municipality has no personnel knowledgeable in how to conduct CIPs, and if municipality has showed no interest in creating a function in the organization for managing CIPs	**0**	**0.0**	
		1	Administration has initiated creating and staffing up an administration that will could competently manage CIPs			
		2	Municipality has created the policies and procedures and systems required for managing CIPs, and if there are some staff members in place, who are receiving up-skilling in multi-year financial forecasting and other related CIP-specific subjects			
		3	Municipality staff have learned how to and have actually drafted a CIP plan, but was never adopted			
		4	Municipality staff have adopted a CIP plan and have started implementation of at least one plan of CIPs; and have established an assessment procedure for gathering evidence of its expected results			
		5	Municipality's CIP plan has contributed to increase of capital budget vs. operational budget			
3.4	New and improved work processes		New and/or Improved Work Processes in Place & Functioning	**1**	**1.1**	
		0	Municipality has no staff familiar and/or knowledgeable in work processes analysis and work flow mapping			

		1	Municipally staff have a few key staff members in the organization who have the basic skills sets, knowledge and background experience required to be good candidates to receive training in work processes analysis and mapping	1		1.1	
		2	Municipality has staff (either existing or newly-hired) who are learning process mapping (flow charting) and who are learning to distinguish between key and support work processes in the administration				
		3	Municipality staff have learned process mapping and have begun to map out the "as is" work process of at least one key work process				
		4	Selected staff have identified how to improve at least one key work process and have produced a mapping of the improved work process				
		5	Upper management has received and approved an Action Plan for improving at least one key work process, and if the work process is being improved (and new work procedures are being written up), staff are following the new, improved work process				
4	Policy and accountability		Policy and accountability Municipality does not have any policy reform process		6.5		7.2
4.1	Participation in process of policy reform		Municipality has no staff in place who have the skills sets and knowledge and background experience required to undertake steps/actions in the area of policy reform	0		0.0	
		0	Municipality is taking concrete actions to employ staff with the skills sets, knowledge and background experience required to work in the area of policy reform	0		0.0	
		1	Municipality has the staff on board who are beginning to participate in data gathering for identifying specific policy changes/proposals; and, if required, are taking focused up-skilling programs to bolster their capacity in this area				
		2	Municipality has begun identifying what critical areas of policy change and / or formulation they need to work on, and have initiated work on that (those) priority policies				
		3	Municipality has formulated proposals for policy change, legislation change, and the like				
		4	Municipality actively promotes and/or advocates policy/legislation change and reform critical to their interests				
		5	Policy/legislation active promotion				
4.2	Involvement in information sharing with IDLG or other cities		Municipality is Actively Involved in Information Sharing with IDLG or Other Cities	2		2.2	
		0	Municipality has taken no steps to develop relationships or learn from the work of other municipalities, or from the work of IDLG, in the past year				
		1	Municipality attend IDLG events to learn about success or other issues				
		2	Municipality occasionally take lessons learned from IDLG or other municipalities and try to implement in their own municipality	2		2.2	
		3	Municipality regularly communicates information about their own programs, issues and successful experiences with IDLG and other municipalities				
		4	Municipality routinely is involved in two-way communications with IDLG and other municipalities, to share information about programs, issues and successful experiences				

|						
		5	Municipality actively participates in strategy- and information-sharing, and uses information for developing new policies, projects, services and so forth			
4.3	Role in improving intergovernmental communication		Municipality's Role in Improving Intergovernmental Communication	**2.5**		**2.8**
		0	Municipality takes no steps to help improve intergovernmental communication			
		1	Municipality takes steps/actions to define community or municipal needs for potential intergovernmental communication of those needs			
		2	Municipality takes initiatives to communicate directly with other levels and entities of government	**2.5**		**2.8**
		3	Municipality shares information with other government entities in an organized and ongoing manner			
		4	Municipality actively engages in joint efforts with other levels and entities of government, to solve problems; make legal reviews; or implement projects and programs			
		5	Municipality actively participates with other levels and entities of government in joint work groups for problem solving; legal reviews; or implementing projects and programs			
4.4	Policies, procedures for public procurement compliance		Policies, Procedures for Public Procurement in Compliance with the Public Procurement Laws, Policies & Procedures	**2**		**2.2**
		0	Municipality does not have Public Procurement policies, procedures and its laws and by-laws. Municipality has no internal guidelines or policies and procedures on public procurement. The staff conducting public procurement are not trained for conducting public procurement. The municipality has no specific procurement function. Procurement plans and reports are not being created			
		1	Municipality minimally complies with Public Procurement policies, procedures and its laws and by-laws. Municipality's functions/roles in the process are not defined and employees are not clear as to who prepares tender documents and public procurement notices and whether it is a role of the evaluation committee. There may be an Evaluation Committee, but the mandate and tasks of the evaluation committee are not specified and/or updated			
		2	Municipality has begun to develop internal guidelines, policies and procedures on public procurement. Functions/roles in the process are beginning to get defined and staff have received initial, basic training on public procurement and staff are beginning to be given individual roles and proper assignments to prepare tender documents and public procurement notices. Municipality has a procedure for creating a neutral evaluation committee	**2**		**2.2**
		3	Municipality is aware of and uses standard tender documentation and has written up its internal guidelines on direct agreement implementation, as required by the laws and by-laws for Public Procurement. Municipality is beginning to comply regularly with Law, policies and procedures on Public Procurement. Indicated staff have a desire for additional training. The public procurement process itself is beginning to get mapped out, and all the roles and functions in the process are beginning to get defined. The committee mandate has been written up in compliance with standard Law, policies and procedures			

			4	All procurements are conducted according to regulations. The Municipality is aware of and applies practices of standard tender documentation and has its internal guidelines on direct agreement implementation as required by Law. The municipality's organizational structure has been adapted for and now includes a public procurement function, which is being set up in the administration. The municipality is reviewing and updating all internal policies and procedures for public procurement. The Municipality has created an annual procurement plan and has begun to implement it in accordance with the administration budget. Evaluation committee now has a mandate and description of roles and responsibility of committee members, including the rotation requirements for members, to ensure technical competency for reviewing specific procurement; committee includes permanent members who are highly knowledgeable on the law; and has begun to hire external technical experts as required for specific procurements				+
			5	Municipality fully complies with Law on Public Procurement and accompanying by-laws; and if all of the following conditions are met: - The Municipality staff have initiated and/or received training on public procurement implementation and the law, and the municipality HR department has ongoing plans for training employees as the law changes - The municipality has an established process for planning annual public procurement activities, and does not deviate from the adopted budget for procurement - The evaluation committee members' duties and their terms of reference are clearly defined by the Mayor on a regular basis, in accordance with the committee mandate and policies. The committee operates as an effective review and oversight function, in addition to providing all technical and/or legal support that ensures that all procurement activities and decisions obey Law - The evaluation committee members change in accordance with the specific procurement but the committee always includes some of the evaluation committee members knowledgeable on the law as well as technical experts for specific procurements. As need be, the municipality hires external experts. The procurement reports are being sent to the Agency for Public Procurement on a regular basis and within the time frame set out in the law Procurement activities are conducted according to Law and regulations. Internal and external audits show that procurement function (both systems and procedures) is operating correctly and according to Law, policy and procedure				

Table 2. Sections score of the *Municipality Capacity Index* (MCI) for Kandahar City (October 2010)

n.	MCI Section	Questions per Section	total	average	points (100)	average (100)
1	Municipal Service Delivery	6	10.5	1.8	11.7	1.9
2	Municipal Internal Budgeting and Financial Management	4	6.0	1.5	6.7	1.7
3	Capacity of Municipalities to Manage Service Delivery Projects	4	6.0	1.5	6.7	1.7
4	Policy and Accountability	4	6.5	1.6	7.2	1.8
	MCI (total)	18	29.0	1.6	32.2	1.8

F. Diagrams

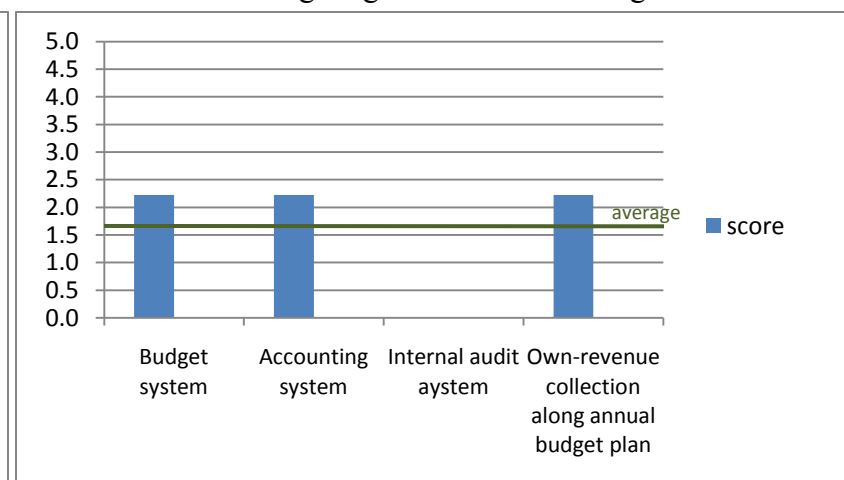### 2. Overall MCI score for Kandahar City (October 2010)
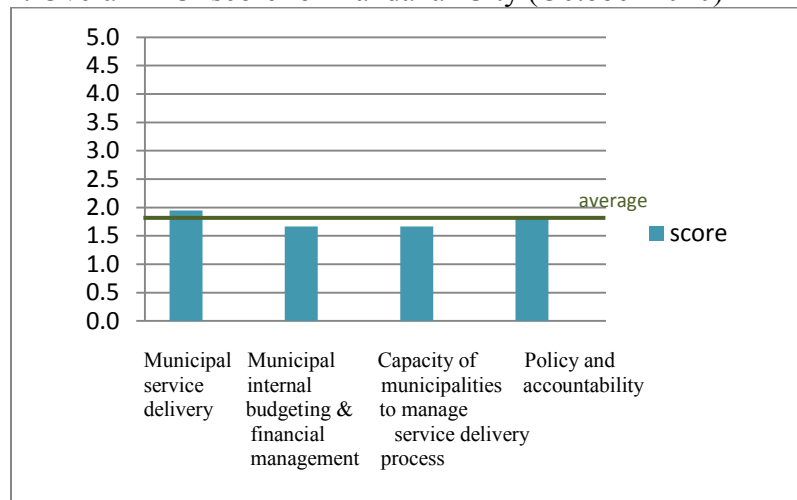
1. Score of the MCI by Section for Kandahar City (October 2010)
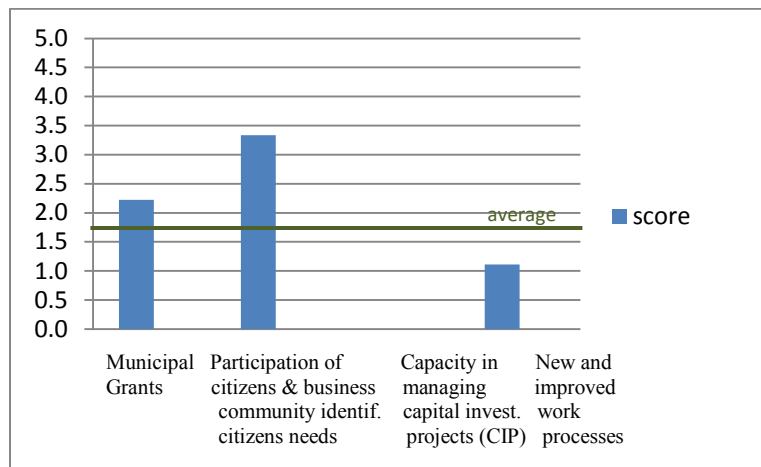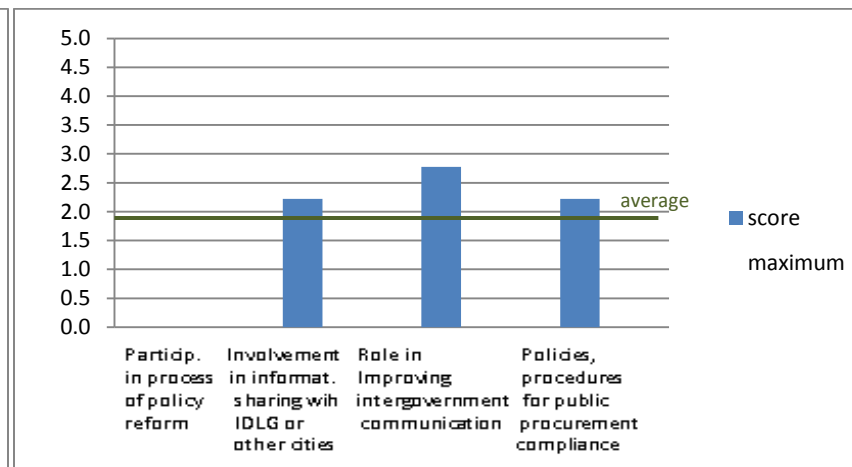
Section 1. Service delivery
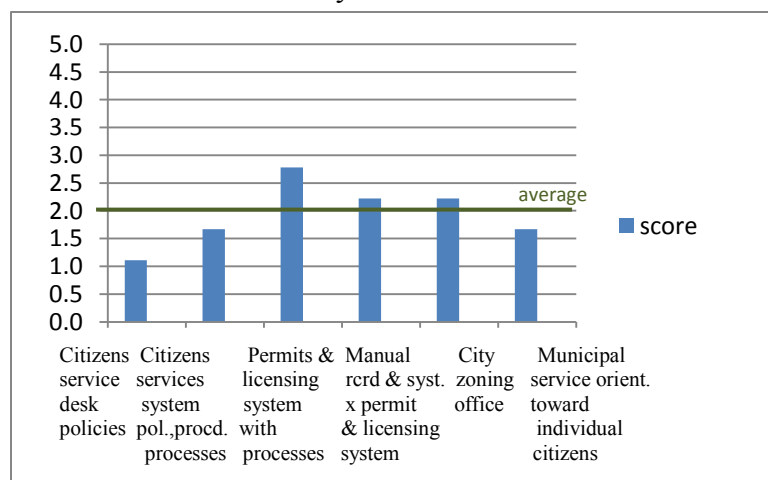
Section 2. Internal budgeting and financial management

Section 3. Capacity to manage service delivery projects

Section 4. Policy and accountability

2. Overall MCI score for Kandahar City (October 2010)